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TAGS: PGOV KDEM EC

SUBJECT: ELECTION WRAP-UP: CORREA COMPLIMENTS BUSH;
CABINET CHOICES; POLITICAL REFORM DEBATE

REF: A. QUITO 2904

- 1B. QUITO 2455
1C. QUITO 2699

11. (SBU) Summary: Final certified results of the election are now expected by December 4, confirming a 57-43% presidential victory by Rafael Correa over Alvaro Noboa. Presumptive president-elect Correa received a congratulatory phone call from President Bush on November 30. Correa subsequently publicly praised President Bush for his "class" in making the call. Noboa has refused to comment publicly on the results until final. Meanwhile, speculation is rampant over Correa's possible Cabinet picks, and public debate of his controversial Constituent Assembly proposal has already begun. Signaling openness to dialogue, Correa has pledged not to dissolve the incoming Congress. End Summary.

Pres. Bush Call Very Well Received

12. (U) Immediately following President Bush's phone call to Rafael Correa on November 30, the Correa team put out a press release reporting that it took place. Correa subsequently commented publicly that said President Bush had demonstrated his "classiness" in making the call despite Correa having made a well-publicized disparaging joke about the President during the campaign. The call was reported prominently by national media, and was generally characterized as a very positive signal from the USG, building on earlier positive signals from the Department and the Ambassador's congratulatory call.

Results Almost Final

13. (SBU) With 99.81 percent of the votes counted, Supreme Electoral Tribunal (TSE) President Xavier Cazar is now saying the final results will be announced on December 4. Results have been stuck at 99% since November 29, with the overseas vote count delaying the process. Once the TSE finally finishes the count, candidates will have two days to register appeals or complaints about the process and the TSE has up to seven days to resolve them. The votes remaining to be counted will not change the outcome of 56.67% for Rafael Correa, 43.33% for Alvaro Noboa. Noboa won only the three coastal provinces of Guayas, Manabi and Esmeraldas.

Noboa Silent

¶4. (U) Noboa has still not spoken publicly about the election results since November 27, when he hinted at "conditions of fraud" (Ref A) and said he would not acknowledge any election result until the TSE finished its official vote count. Noboa met with all 28 newly-elected PRIAN congressional deputies on November 30, but no decisions were announced after the meeting about the elections, or PRIAN choices for President of Congress and congressional delegation chief, and a position on the presidential elections.

Correa Re-Affirms Cabinet Choices

¶5. (SBU) The night of the election, Correa reaffirmed several of his earlier-announced Cabinet choices, including Ricardo Patino as Economy and Finance Minister; Alberto Acosta as Energy and Mines Minister; Janeth Sanchez as Secretary for Social Welfare; Gustavo Larrea as Minister of

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Government; and Carlos Pareja as President of Petroecuador. The following biographic information supplements that reported in Ref B.

--Originally from Guayaquil, Ricardo Patino met his wife while they both worked with labor and women's groups. His wife, Miriam Alcivar, is the executive director of the Ecuadorian Center for the Promotion and Action of Women in Guayaquil. Patino enlisted support for Correa's candidacy from ex-members of "Alfaro Vive y Carajo." He is also one of the so-called "forajidos" who demonstrated to overthrow the Gutierrez government. Patino is expected to take the lead in debt repayment restructuring, and created "Jubilee 2000," a

Guayaquil-based group promoting forgiveness of Ecuador's foreign debt. He was formerly a Socialist Party member.

--Alberto Acosta, 58, was born in Quito to a well-off banking family. In the 1980's he worked at Petroecuador's predecessor, the Ecuadorian State Petroleum Corporation. In 1995, he was sentenced to two years in prison after accusing financial entities of illegalities, later receiving a suspended sentence. He has worked as an independent consultant and in recent years became known as a political activist and authored several books on economic issues and published articles critical of neo-liberalism. He currently works at the Latin-American Institute of Social Investigation.

--Gustavo Larrea is a leftist intellectual and human rights activist. In contrast to his Marxist past, he has recently talked about the need for Ecuador to join the global economy. He was at the forefront of demonstrations to remove from power former president Lucio Gutierrez. During the campaign, Larrea served as campaign manager and head of Correa's political committee, charged with setting campaign policy. He has been charged by president-elect Correa to conduct a dialogue on political reform with political parties.

Other Possible Correa Cabinet Choices

¶6. (SBU) In the wake of the election, speculation is rampant about other possible Correa Cabinet choices. Left-leaning academic Beatriz Sanchez, a specialist in security affairs teaching at FLACSO university in Quito, appears to be the front-runner for Defense Minister. Homero Rendon, Correa's personal secretary, is likely to continue in that capacity. Maria Sol Corral and Juan Carlos Toledo, who managed Correa's image and communications during the campaign, are reported to be the favorites for the Spokesperson and Communication Secretary portfolios, respectively. Correa advisor Fander

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Falconi is rumored to be named Minister of Environment. Correa has reaffirmed a campaign promise to form a new Ministry of Transportation, but has not named anyone preferred to lead the new ministry. Biographic information on three other rumored cabinet choices follows.

--Enrique Ayala Mora is rumored to be Correa's choice for Foreign Minister, among others. Hailing from Imbabura province, Ayala Mora is the leader of the Socialist Party and rector of Universidad Andina Simon Bolivar. In contacts with the Embassy he has come across as moderate and knowledgeable about the U.S., and has advocated more study of the U.S. in local university curricula. In addition to Ayala Mora, Javier Ponce Leiva, the architect of Ecuador's foreign policy whitepaper (Ref C), told the DCM on November 29 that he expected to be named to the same post. There was also some speculation that FM Francisco Carrion would stay on in his position under Correa.

--Carlos Vallejo Lopez is rumored to have Correa's support for the post of Minister of Agriculture. Vallejo served as Minister of Agriculture under President Hurtado ('81-'83). As a member of the ruling Popular Democracy party he served as President of Congress in 1992. He served in the 2002-2006 Congress as a member of Congress for Noboa's PRIAN, before resigning from office in the wake of the Gutierrez overthrow and later joining the Correa campaign. Vallejo, 67, is a native of Riobamba, Chimborazo province.

--Mauricio Davalos is rumored to be Correa's choice for Trade Minister. Davalos, 52, is an economist and attorney, and like Vallejo, originally hails from Riobamba. He was served as Agriculture Minister under president Gustavo Noboa. A member of and vice president of the centrist Popular Democracy (DP, now UDC) party, Davalos served as a member of the National Constitutional Assembly from 1997-98. He also served as Minister of Natural Resources and Energy in 1979, under President Roldos; as General Manager of Ecuador's Central Bank (1979-81); as Governor of the IMF; and as President of the Ecuadorian Flower Exporter Federation (1990-94). Davalos is a longtime member of the CORDES think tank, headed by ex-president Oswaldo Hurtado, since 1986. Davalos holds an economics degree from Catholic University in Quito and a Master's degree from Vanderbilt University in Nashville, Tennessee. He has taught economics at Catholic University in Quito and at New Mexico University.

Political Reform Debate Begins

¶7. (SBU) Since taking office Correa has signaled some openness to dialogue, if not compromise, on his controversial political reform proposal. He has directed Gustavo Larrea to initiate dialogue with political parties on the new government's proposed referendum on whether to hold an unbounded Constituent Assembly. Correa has also affirmed that creation of a Constituent Assembly would not automatically dissolve Congress; both institutions would function simultaneously, with the Assembly rewriting the constitution while the Congress limited itself to its "oversight" role.

¶8. (SBU) Correa asserts authority under article 104 (2) of the constitution, which permits the President to convoke a referendum when "in his opinion, it deals with issues of transcendental importance for the country, different from those in the previous clause." (Note: the previous clause, 104 (1) mandates that any referendum containing changes to the constitution be previously approved by Congress, leading opponents to conclude that a referendum to authorize an Assembly to rewrite the constitution must first be approved by Congress, which Correa refutes. End Note.)

¶9. (SBU) Correa maintains that on taking office he would order electoral authorities by decree to organize the referendum consisting of a single question, along the lines of "do you approve a constituent assembly to be constituted

under the following rules." The Assembly would not have a time limit to complete its work, would be composed of 130 directly-elected representatives, including 24 national representatives, six representatives of Ecuadorian migrants overseas, and 100 representatives elected under existing election rules for Congress, by province. To run for the Assembly, individuals would be required to gather signatures from 0.5% of the national electorate. All Assembly members would receive government funding for publicity, and would be individually elected; no voting by party list or proportional representation schemes would be employed, leading, according to Correa, to election of "the most capable, not those with the most resources, or through party lists...totally different from the Congress."

¶10. (SBU) Thus far, Pachakutik, the far-left Movement for Popular Democracy (MPD), and the Socialist Party have openly supported Correa's referendum/Assembly proposal. Other parties are more equivocal, but apparently leaning toward support, including the Democratic Left Party, Leon Roldos' RED movement, and Abdala Bucaram's PRE. Together, these parties hold 38 of 100 seats in Congress. Lucio Gutierrez' Patriotic Society Party has signaled an openness to dialog on the idea, and will probably be the key swing element. Noboa's PRIAN bloc and the PSC are expected to oppose the proposal.

Comment

¶11. (SBU) President Bush's congratulatory call was clearly welcomed by Correa as a signal of USG respect for the democratic process here. The Ambassador explored with Correa areas of cooperative bilateral relations in further detail in a meeting late on December 1 (SepTel). Once the TSE announces final election results, Noboa may lodge procedural challenges, which are unlikely to change results in the face of Correa's large margin of victory. The debate over Correa's Constituent Assembly proposal will continue up to and past inauguration day on January 15, 2007. While Correa's openness to dialogue is positive, he is showing few signs thus far of willingness to compromise to the extent necessary to attract majority support and prevent a conflict with the new Congress.

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